IFAs Face Twin Negligence Claims

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Two divorcees who allege that the investment advice they received after their divorces was negligent have commenced proceedings against their financial advisers in a bid to recover their alleged losses.

Friends Megan Scotney and Clare Gallacher both received very substantial divorce settlements and each invested more than £300,000 with the same firm of independent financial advisers (IFAs).

The investments have lost value in the succeeding years and the two women have claimed that the firm of advisers was both negligent and in breach of its contracts.

In practice, such claims can be hard to substantiate. Typically, claims against IFAs hinge on one or more of three allegations. These are:

•that the IFAs concerned failed to undertake (and record) a proper 'fact-find' to understand their client's investment objectives, which rendered the investment strategy inappropriate for them;

•that they have failed to give (and record properly) the investment advice required; and/or

•that they did not act in accordance with the agreed strategy or the client's wishes.